

Kessner Steven  
 Form 4  
 August 28, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Kessner Steven

2. Issuer Name and Ticker or Trading Symbol  
 ENVIRONMENTAL POWER CORP [( EPG )]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 08/24/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)

16 PADDINGTON ROAD

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

SCARSDALE, NY 10583

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/24/2006		P		2,500	A	\$ 5.07	31,785	I	See Footnote (1)
Common Stock	08/24/2006		P		3,000	A	\$ 5.08	34,785	I	See Footnote (1)
Common Stock	08/24/2006		P		1,800	A	\$ 5.09	36,585	I	See Footnote (1)
Common Stock	08/24/2006		P		3,800	A	\$ 5.1	40,385	I	See Footnote

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								(1)
Common Stock	08/24/2006	P	500	A	\$ 5.11	40,885	I	See Footnote (1)
Common Stock	08/24/2006	P	500	A	\$ 5.12	41,385	I	See Footnote (1)
Common Stock	08/24/2006	P	300	A	\$ 5.14	41,685	I	See Footnote (1)
Common Stock	08/24/2006	P	200	A	\$ 5.2	41,885	I	See Footnote (1)
Common Stock	08/25/2006	P	1,000	A	\$ 5.09	42,885	I	See Footnote (1)
Common Stock	08/25/2006	P	3,000	A	\$ 5.1	45,885	I	See Footnote (1)
Common Stock	08/25/2006	P	1,000	A	\$ 5.12	46,885	I	See Footnote (1)
Common Stock	08/25/2006	P	1,000	A	\$ 5.15	47,885	I	See Footnote (1)
Common Stock	08/25/2006	P	2,100	A	\$ 5.18	49,985	I	See Footnote (1)
Common Stock	08/25/2006	P	900	A	\$ 5.19	50,885	I	See Footnote (1)
Common Stock	08/25/2006	P	500	A	\$ 5.2	51,385	I	See Footnote (1)
Common Stock	08/25/2006	P	2,000	A	\$ 5.23	53,385	I	See Footnote (1)
Common Stock	08/25/2006	P	1,000	A	\$ 5.24	54,385	I	See Footnote (1)
Common Stock	08/25/2006	P	4,000	A	\$ 5.25	58,385	I	See Footnote (1)

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Common Stock	08/25/2006		P	2,700	A	\$ 5.27	61,085	I	See Footnote (1)
Common Stock	08/25/2006		P	17,200	A	\$ 5.28	78,285	I	See Footnote (1)
Common Stock	08/25/2006		P	1,000	A	\$ 5.29	79,285	I	See Footnote (1)
Common Stock	08/25/2006		P	500	A	\$ 5.3	79,785	I	See Footnote (1)
Common Stock							198,289	I	See Footnote (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 3, 4, and 5)
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V	(A)	(D)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Kessner Steven 16 PADDINGTON ROAD SCARSDALE, NY 10583	X			

## Signatures

/s/ Scott E. Pueschel,  
Attorney-in-fact

08/28/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

80% of the shares purchased and reported as beneficially owned following the transaction were purchased and are held in equal proportions by The Robert Kessner Trust, The Richard Kessner Trust, The Michael Kessner Trust and The Adam Kessner Trust. Each of these trusts is for the benefit of the reporting person's child named in the trust title. The reporting person is the sole trustee of each of

- (1) these trusts and exercises sole voting and investment control over the shares held by each of these trusts. 20% of the shares shares purchased and reported as beneficially owned following the transaction were purchased and are held by the reporting person as custodian for Jonathan Kessner, one of the reporting person's children. The reporting person exercises sole voting and investment control over these shares.
- (2) Held by RE Funding, LLC, of which the reporting person is the sole officer and director and over which he has sole voting and investment control.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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